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SUBJECT: ABU DHABI MEGA PROJECTS: A CITY'S EVOLVING IDENTITY

REF: A) Dubai 271, B) Dubai 272

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SUMMARY

1. (U) The UAE capital and the richest of the seven emirates, Abu Dhabi accounts for approximately 9% of the world's oil reserves. In the last few years, Abu Dhabi has undertaken a "catch up game" with Dubai in the area of Mega Project development, with a number of large-scale projects under way, billions of dollars invested, and uncertainty as to the viability, sustainability, and social implications of the projects. While Abu Dhabi is a relatively quiet, potentially elegant coastal city with lush landscaping and an orderly layout (in comparison to Dubai's more boisterous, congested, random expansion amid heavy construction on all sides), the Mega Project bandwagon may drastically change the Abu Dhabi allure and ambience. This is the first of a series of planned cables related to on-going project development in Abu Dhabi. Subsequent cables will explore specific projects, analyze forces and persons behind the development, and examine in greater depth the socio-economic implications of Mega Project development. End summary.

HISTORICAL DEVELOPMENT IN ABU DHABI

2. (U) The Emirate of Abu Dhabi, by far the largest of the UAE's seven emirates, is comprised of extensive desert lands and approximately 200 coastal islands in close proximity to the mainland. The capital city of Abu Dhabi is built on an island, with two bridges connecting it to the mainland (a third under construction and others under discussion). The late Sheikh Zayed, founding father of the UAE, put great effort into laying out and landscaping thoroughfares, creating public parks, and building modest high rises on a sandy island that had virtually no significant development in the pre-oil years. By the 1980's, Abu Dhabi had an established skyline, expanded in the 1990's and beyond with an extended waterfront, a smattering of higher buildings, a large mall on reclaimed land connected by a causeway, home-grown universities, royal estates on select waterfront properties, and extensive housing developments in the mainland "suburbs."

3. (U) At some point in this development, a pleasant city began to show signs of excessive growth. The breakdown of orderly parking in the downtown area was one sign of poor planning as the city grew beyond its natural "carrying capacity." The housing shortage has been intense in recent years as ambitions of oil-boom construction outstrip infrastructure. The (literally) palatial Emirates Palace Hotel, built at a cost of \$2 billion, opened in spring 2005 to host the December GCC Summit and is lavishly appointed beyond anything commercially viable. Its opening marked the "arrival" of Abu Dhabi as a competitor to the more glitzy Dubai. Its opulence helps define the "new" Gulf identity. (Visitors are informed that everything in the Emirates Palace Hotel that looks gold is gold.) More hotels, an

expanded Exhibition Center, and ambitious business minds solidified Abu Dhabi's role as a convention capital of the region -- along with Dubai -- filling hotel rooms often to over capacity.

14. (SBU) Yet, this is only the beginning. The bigger dreamers are just getting started. Oil money is flowing and the more traditional approach of Sheikh Zayed (who died in November 2004) has given way to a construction free-for-all (including the cutting of many of the trees that Zayed nurtured so carefully). The elite want to consolidate fortunes amid uncertainty over future oil prices, and UAE society is getting a taste of the "Emirates Palace" life style as a new standard of living (and expectation). Driven by economic excitement, "Abu Dhabi 2030" is an ambitious plan of zoning and development with schematics that show a glistening future city on land that is still open desert. The Abu Dhabi of 15 years hence will no doubt be a fascinating contrast to the UAE capital of today, which is already a far cry from the modern but tranquil Abu Dhabi of 15 years ago. A synopsis of some of the more ambitious projects under development follows. Subsequent cable will describe the projects in more detail.

AMBITION ON PARADE

15. (SBU) As Abu Dhabi's ambitions expand, significant projects under way include the following:

--- Yas Island is focused on entertainment on the outskirts of Abu Dhabi with theme parks, a Formula-1 track, golf, marinas, and residential zones. With an estimated price tag of \$40 billion and a near-term goal of hosting a Formula-1 race in October 2009, the project is under huge pressure to perform.

--- Saadiyat Island, a cultural zone just a bridge away from downtown Abu Dhabi, will feature a series of upscale museums

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(Guggenheim, Louvre, Maritime, and National Heritage museums), along with performing arts centers and other cultural and recreational offerings. Environmentally friendly residential areas, marinas, wetlands, and lagoons (interspersed with the western pleasures of golf and other sports) will round out the \$30 billion project. Highways and bridges will expand access points to Abu Dhabi.

--- Lulu Island is a prominent (largely man-made) sandbar within view of the Abu Dhabi Corniche (the city's main waterfront and focal point of its skyline). A vision of turning Lulu into an amusement park, as well as talk of commercial, residential, cultural and recreational facilities, has been circulating for years. Plans at present involve \$11 billion worth of holiday-zone development.

--- Al Raha Beach is known to many as a development on the way to Dubai, but is now a field of construction cranes. The vision of 11 different "districts" with up to 120,000 residents is well under way in this \$15 billion dream.

--- The Cleveland Clinic has been engaged by the Emirate of Abu Dhabi to design and staff a full-service clinic-hospital (at undisclosed cost) to provide an overseas standard of treatment to UAE national and international patients. With state-of-the-art, world-class amenities, 360 beds and 2.5 million square feet, the envisioned hospital even boasts an energy-efficient design. (For more than a year a team from the Cleveland Clinic has administered Abu Dhabi's premier existing health care facility, the Sheikh Khalifa Medical Center.)

--- Masdar City proposes to house over 50,000 residents and numerous technological research and development facilities in a "magnet city" for alternative energy research that will itself produce zero carbon emissions. The 100% environmentally friendly theme will challenge the consumer culture of the Emirates, yet hopes to enhance the world's energy options for a mere \$22 billion initial investment.

--- Peaceful Nuclear Power development, with a price tag of at least \$15 billion, is also under way under the auspices of the Abu Dhabi Executive Affairs Authority (which will pass the project to a

spin-off agency once construction begins), with a goal of ensuring reliable power to light up the many development schemes of this ambitious nation.

16. (SBU) Comment: These Mega Projects will consume enormous outlays of financial resources and human capital even when taken individually. When viewed as a whole, and in the context of "Abu Dhabi 2030" plans, they represent the increasingly turbo-charged nature of Abu Dhabi development in a small, immensely affluent Gulf nation which feels it is coming into its own in an "Arabian Renaissance." Ambitions are fed by petrol dollars in this oil-rich emirate, and some recalibration should be expected if oil prices fluctuate. Aggressive project timelines over the next five to ten years also put great pressure on a limited population base, and some adjustment of deadlines can be anticipated as reality sets in and performance standards become apparent. Nonetheless, for now the dreams are many and the possibilities are perceived by key UAE players as almost limitless. Embassy will take a sober look at the potential impact of Abu Dhabi Mega Projects in subsequent messages. End comment.
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